

United States v. Charles Antonucci

**Prepared Remarks for U.S. Attorney Preet Bharara
March 15, 2010**

Good afternoon. My name is Preet Bharara, and I am the United States Attorney for the Southern District of New York.

Last Friday evening at 5 p.m., the New York State Banking Department shut the doors of The Park Avenue Bank, seized its assets, and appointed the FDIC as receiver – citing ineffective management and inadequate capital. The almost half-billion dollars in deposits owned by that bank's customers are now safe.

But that is not the end of the story. This morning, we have taken decisive action against fraud and deceit in the banking industry by arresting Charles Antonucci, the former President and CEO of The Park Avenue Bank. According to the 10-count criminal complaint unsealed today in Manhattan federal court, Antonucci allegedly put his personal greed ahead of his professional duty, deliberately and repeatedly deceived regulators, and even attempted to obtain through fraud \$11 million in taxpayer rescue funds from the Troubled Asset Relief Program, or TARP.

It is worth noting that Antonucci is the first person ever to be charged with attempting to defraud the TARP. We expect that he will not be the last.

Today's Complaint tells the story of Antonucci's repeated misuse of The Park Avenue Bank's capital and resources to line his own pockets through embezzlement, self-dealing, kickbacks, and outright theft from innocent third-parties – actions that contributed to the ultimate failure of The Park Avenue Bank and that do nothing to dispel the crisis of confidence in our banking system.

Before I get to the details, I want to acknowledge our law enforcement partners in this investigation:

- Neil Barofsky, Special Inspector General for TARP;
- Jim Hayes, Special Agent in Charge of the New York Office of the Department of Homeland Security U.S. Immigration and Customs Enforcement, whose proactive investigative efforts played a key role in this case;
- Richard Neiman, the Superintendent of the New York State Banking Department, along with Ricardo Velez, Director of the Criminal Investigations Bureau of the New York State Banking Department; and
- George Venizelos, the Acting Assistant Director in Charge of the FBI's New York Division.
- I am also joined by Derek Evans, Special Agent in Charge of the Northeast Region of the FDIC Office of Inspector General.
- Finally, I want to thank Lisa Zornberg and Zach Feingold and Co-Chiefs Jon Kolodner and Anirudh Bansal of our Office's newly-formed Complex Frauds Unit, who are in charge of this prosecution.

This case, moreover, is brought in coordination with President Obama's Financial Fraud Enforcement Task Force. The President formed this task force to aggressively combat significant financial crimes that pose a clear and present danger to our economy, and we do so today.

Let me take a moment to describe what led to today's charges.

In 2008, The Park Avenue Bank was in trouble. Regulators had downgraded it from well-capitalized to adequately-capitalized and finally, in September 2008, to undercapitalized. The Park Avenue Bank, as it turns out, was not nearly so well off as its high-priced name might have suggested.

Now, that was a problem – because a bank that regulators designate undercapitalized is barred from certain transactions and subject to tough regulatory action.

The Bank was broken, so in October and November of 2008, Antonucci methodically went about pretending to fix it.

Specifically, he claimed he was coming to the rescue by investing \$6.5 million of his own money in The Park Avenue Bank to improve its capital position, which would have been more than enough to solve its capitalization problem. But that supposed investment of personal capital, as the Complaint describes, was the functional equivalent of Monopoly money.

What Antonucci allegedly hid from regulators, the TARP, and the public is everything that is on the chart displayed to my right.

Antonucci's clever alleged sham served a number of purposes, each of which is now the basis for criminal charges – he defrauded regulators into delaying action, tried to trick the TARP into providing more than \$11 million in taxpayer rescue funds, and tried to transform himself into the majority owner of the Bank itself.

But today, Antonucci's roundtrip transaction has become a one-way ticket to a federal courtroom.

Moreover, as alleged in the Complaint, Antonucci had in fact been abusing his powerful position at The Park Avenue Bank for years to enrich himself. For example:

- Antonucci allegedly caused the bank to spend more than \$1 million to improve and lease properties he owned – properties for most of which the bank had no legitimate need, and most of which the bank never even used.
- He allegedly approved hundreds of thousands of dollars in lines of credit for another company he controlled through a straw man, and then pocketed \$70,000 for himself. That company was named, appropriately enough, Easy Wealth.
- He allegedly extended \$8.5 million in unauthorized overdraft credit to a close associate and then repeatedly used that associate's private plane to go to the Super Bowl, the Masters Golf Tournament, and other events.

- And, on top of all of this, Antonucci and a co-conspirator, allegedly even defrauded pastors of a Florida church of more than \$100,000 that their congregation planned to use to build a new house of worship.
- And let me emphasize that the investigation of Antonucci, his conduct, and his associates is very much ongoing.

At the end of the day, no matter what reforms we pass, our markets cannot fully recover and confidence cannot fully return if a bank president can lie to regulators with impunity. Regulators simply cannot do their job if financial institutions obstruct them. Lying to financial regulators is the economic equivalent of obstruction of justice.

That is why this Office and all of the agencies in the Financial Fraud Enforcement Task Force are pursuing these cases with redoubled effort.

And that is why I have recently asked my fraud prosecutors to sit down with investigators at the New York State Banking Department, FDIC, SIGTARP, ICE, and the FBI to undertake a review of troubled and failing New York banks to investigate the role of any criminal misconduct by corrupt professionals.

Whenever and wherever we find such misconduct, we will use every technique and every tool to prosecute those responsible to the fullest extent of the law.